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Hill asking: Who got the arms money?

By Christopher Simpson
and Michael Hedges
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Congressional investigators yesterday said they are still puzzled after weeks of testimony about what happened to the money said to have been skimmed off the proceeds from secret arms sales to the Khomeini regime.

The diverted money allegedly went to aid the Nicaraguan resistance forces fighting the Marxist Sandinista regime. But after nearly two weeks of closed-door testimony — including several grueling appearances by CIA Director William Casey — the several committees looking into the matter still don't know what happened to the funds.

Mr. Casey and the man he said originally tipped him off that something might have gone wrong with the arms sales — New York businessman Roy M. Furmark — testified separately before different committees yesterday.

But Sen. William Cohen, Maine Republican, a member of the Senate Intelligence Committee — before which Mr. Furmark appeared yesterday and Mr. Casey earlier — said the committee still is unsure of where the funds went and to whom.

"It's possible the money may never have left the Swiss bank accounts," Mr. Cohen said. "It may still be there. Or it may have been paid out for some kind of weapons that were traded for other weapons."

A House Foreign Affairs Committee member who witnessed Mr. Casey's testimony before that committee on Wednesday said that lawmakers are not even sure any of the \$10 million to \$30 million administration officials said was diverted from the arms sale to the Nicaraguan resistance ever reached the rebel forces.

"It appears that no money went from the bank account to Contras," said one committee member. That statement apparently conflicts with those made Nov. 25 by Attorney General Edwin Meese III, who said the money went into Swiss bank accounts controlled by the Nicaraguan resistance forces.

"That's what is a mystery to everyone," the lawmaker said. "The rest of the money stayed somewhere. Casey doesn't know anything about the diversion" to the rebels.

Mr. Casey, who testified for more than three hours yesterday before a closed session of the House Intelligence Committee, said that an Oct. 7 discussion with Mr. Furmark "did precipitate" his own inquiry into the effort to divert to the Nicaraguan resistance the proceeds of secret arms sales to Iran.

Mr. Casey, according to House Foreign Affairs Committee members who heard his testimony on Wednesday, said Mr. Furmark told him that a group of Canadian investors had funded a part of the administration's arms sale to Iran, but never received the compensation they expected.

Mr. Casey reportedly said Mr. Furmark told him they "would blow the operation wide open" by filing a lawsuit to recover the funds they felt they had earned.

"When he [Mr. Casey] found this out from Mr. Furmark, he ran over to the White House and the National Security Council," one member of the House Foreign Affairs Committee said of Mr. Casey's secret testimony on Wednesday. "He was the first one blowing the whistle."

But Mr. Casey insisted he did not fully learn the funds were going to the Nicaraguan resistance — which has enjoyed financial and technical support from the CIA — until Mr. Meese "told everybody" last month that as much as \$30 million had gone to the rebels.

Mr. Casey's lengthy testimony on Wednesday and again yesterday stands in contrast to other White House officials, who have cited their Fifth Amendment right against self-

incrimination in refusing to answer questions before the congressional panels.

Lt. Col. Oliver North, who was fired Nov. 25 by President Reagan for his alleged role in the affair, has refused to answer questions before congressional panels. Likewise, former National Security Adviser John Poindexter, who resigned Nov. 25, has invoked the Fifth Amendment when questioned.

Sen. David Durenberger, Minnesota Republican and chairman of the Senate Intelligence Committee, said yesterday in Omaha, Neb., that Adm. Poindexter and Col. North should "either take off their uniforms or take off their Fifth Amendments."

Mr. Durenberger said he doesn't believe the president was involved in any illegal activities, but by allowing his NSC aides to refuse to testify, the president "is making it look a lot more like he's guilty."

After Mr. Furmark's testimony yesterday before the Senate Intelligence Committee, Sen. Cohen said that Mr. Furmark "is being as candid as he can, he is answering all our questions."

Mr. Furmark is the president of Furmark Corp., a New York-based company that has brokered huge financial deals in the Middle East and the Caribbean. Financial records show that his firm did \$270 million worth of business in one recent year.

A man answering Mr. Furmark's business phone in New York yesterday declined to identify himself. But he said that Mr. Furmark was "a consultant" and was not involved in the current arms-sale scandal. Mr. Furmark did not return a reporter's telephone calls.

For more than a decade, Mr. Furmark has set up deals involving Middle East oil magnates and businessmen, including billionaire arms dealer Adnan Khashoggi. Sources

have described Mr. Khashoggi as a central figure in the administration's Iran arm sales and possible transfer of funds to the Nicaraguan resistance.

Another person linked to Mr. Khashoggi and Mr. Furmark is Roger E. Tamraz, a Lebanese businessman who has handled various negotiations for Saudi Arabian investors. Mr. Khashoggi and Mr. Tamraz have been involved in various enterprises together, and may have collaborated in the Iran arms sales, according to published accounts and sources.

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In 1975, Mr. Tamraz cut his first major deal when, as a 34-year-old Harvard-educated investor, he handled arrangements for the Saudi Arabian takeover of the Bank of the Commonwealth in Detroit. The deal was completed at the same time Mr. Khashoggi was buying another U.S. bank.

Mr. Tamraz is director of two Beirut banks, Lebanese investment companies and an Arlington, Va., company that employs ex-CIA agents, according to sources.

Sources said the current link between Mr. Furmark and Mr. Casey began last fall when an unidentified group of Canadian investors went to Mr. Furmark and claimed that Mr. Khashoggi, one of the intermediaries in the complex financial scheme, failed to return the profits they said were due on their \$20 million investment.

Mr. Khashoggi said yesterday in an ABC television interview that he was acting totally on his own when he became involved in the Iranian arms deal.

In 1979, when the Arabian Sea Oil Corp., then controlled by Mr. Tamraz, attempted to buy out Commonwealth Oil Refining (Corco) of Puerto Rico, Mr. Furmark was the broker on the deal, which eventually fell through.

The Senate Intelligence Committee will resume its secret inquiry today, then meet late Monday to determine which course the investigation should follow. Staff members of the committee said that Cabinet officials may be summoned to appear next.

In other developments:

- A House Foreign Affairs subcommittee is probing whether Faith Whittlesey, U.S. ambassador to Switzerland, helped set up a Swiss bank account for funneling Iranian arms sale proceeds to Nicaragua's anti-Marxist rebels, Scripps Howard News Service reported.

Mrs. Whittlesey, in an interview with The Washington Times, denied any knowledge of the rebel-funding scheme.

- Opposition lawmakers in Ottawa demanded a parliamentary inquiry and an investigation by police and the National Security Agency into financial involvement of Canadians in the Iran-Contra affair.

Also, the Canadian government asked the United States to provide all available information on the Canadian connection in the arms sales, International Trade Minister Patricia Carney said.

"When we know whether Canadian citizens were involved and whether Canadian laws were in fact broken, we will take appropriate action," she said.

- The White House began giving the Senate Intelligence Committee secret documents detailing the private network set up to supply the Nicaraguan resistance, presumably with proceeds from the Iran arms sales.

Committee aides said some key papers involved in the Iran-Contra deal are missing or are still being collected. The White House agreed yesterday to turn over to Congress the NSC documents — described as amounting to "a briefcase full" — without a subpoena.

- Kelly Air Force Base officials were ordered as part of the Justice Department investigation of Iran arms sales to identify and hold onto documents involving arms shipments to Iran, the San Antonio Light reported.

The newspaper said the order was received late Tuesday and distributed to various division heads at the Air Logistics Center at the San Antonio air base. They have until Dec. 19 to respond.

The air base has been identified as a departure point for four shipments of arms and spare parts to Iran in February and May, the newspaper said.

- Mr. Meese was asked yesterday by the House Judiciary Committee to explain whether he provided legal advice to the president, the NSC and the CIA on arms sales to Iran.

Mr. Meese's role as the administration's lawyer was questioned in a letter from panel Chairman Peter W. Rodino Jr., New Jersey Democrat, who said the committee was launching a review of the Justice Department's handling of the probe of the Iran-Contra connection. Mr. Rodino also sought a broad range of internal documents from the department's investigations into possible violations of U.S. law. He asked for a response by Dec. 22. There was no immediate comment by the Justice Department.

- This article is based on wire service reports, with contributions by staff writer Bill Gertz.